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Upswing in Rural America

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UPSWING IN RURAL AMERICA

Highlights of Change

Rural America is complex and changing rapidly.

For decades it has been moving sideways as the national economy has moved up. In some areas, the rural economy has declined.

Fewer Farm than Nonfarm People in Rural America

Rural population totaled only 200,000 more in 1960 (54 million) than it did in 1930 (53.8 million). But the composition of the rural population has greatly changed. In 1930, farm people accounted for 57 percent of the rural population; in 1960, they represented only 25 percent. Only half as many people live on farms now as did in 1930.

For more details on the changing rural America, see "The Size and Shape of Rural America," page 37.

More Rural People Work in Factories than in Farming

Rural America is more than farming, but agriculture is one of its economic pillars. Only one worker in five in the rural labor force is engaged in farming, yet many of the jobs in rural areas are related to agriculture in some way. More rural people have jobs in manufacturing, including the processing of food and fiber, than in farming. One worker in seven in the rural labor force is engaged in wholesale or retail trade, much of it with farm people.

In the last census, one man in every three living on a farm reported his major occupation was something other than farming. There still was a real need for more opportunity as the amount of underemployment in rural areas was the equivalent of some 2.2 million unemployed.

Job Opportunities Lag

A farmworker today produces enough to meet the needs of 31 people, compared to 10 in 1930; but as the farmer's efficiency increased and the need for farmworkers declined, opportunity in rural America for jobs off the farm did not keep pace.

The effect of this can be seen in many ways.

Farm population has declined more than two-fifths since 1955.

Total rural population (combined farm and nonfarm) declined 1 percent between 1950 and 1960. Of 2,415 counties predominantly rural in 1950, three-fifths (1,430) had lost population by 1960; a fourth (632) had gained less than 15 percent; and only 353 of these counties had increased by 15 percent or more.

Rural towns under 2,500 had a slight population loss in the 1950's. Those between 2,500 and 5,000 increased their population 17 percent, compared with the urban increase of 29 percent and the national increase of 19 percent.

Young People -- the Greatest Loss

Young people, those who make the future, are leaving rural America to seek better opportunities in the city. During the 1950's, more than two-thirds of the net migration from farms consisted of young people under 20 or who reached 20 during the decade. This migration of young people from the farm -- and from small towns -- has been so heavy that the number of births in the farm population is declining. A few rural counties are recording more deaths than births.

Farm people aged 60 to 69 slightly outnumber those 20 to 29. In urban areas, people aged 20 to 29 exceed those 60 to 69 by 65 percent.

Future migration from rural areas will come primarily from the relatively large base of children and young people, unless job opportunities can be created for them in or near their home communities. For every 100 older rural men expected to vacate existing jobs during the 1960's, 177 rural boys will reach age 20. Two-fifths of all rural people were under 20 in 1960.

The large-scale migration out of agriculture of entire families appears to be largely finished. Most of the remaining low-income farmers are middle aged or older, and many are ill prepared to seek urban jobs and have little desire to move. Seventy percent of the farm operators who sold less than \$10,000 worth of products in 1960 were 45 years old and over.

As older operators of small- to medium-sized farms retire, their holdings are often taken over by other farm operators. Not much land actually goes out of farming, but adjustments are made toward larger farms and fewer operators. Along with greater farm efficiency, this accounts for the increase in average farm size (from 201 acres in 1945 to 341 acres in 1965), for the declining number of farms, and for the decreasing opportunities for young people in farming.

Living Conditions Are Lower

Only 65 percent of farm homes and 70 percent of rural nonfarm homes had hot and cold water in 1960, compared with 95 percent in urban areas. In rural

areas, there were only 52 physicians and surgeons per 100,000 people, compared with 161 per 100,000 people in metropolitan areas. A smaller proportion of rural people had health insurance.

Rural people had fewer years of schooling: 9 years in rural areas and 11 years in cities.

Incomes Are Low

Half of the 35 million people with low incomes (below \$3,000 for families and below \$1,500 for individuals) live in rural areas, although only about 30 percent of the total population is rural. Approximately half the people on farms are in the low-income group (six million out of 13 million).

Highest concentrations of rural farm poverty occur in the cotton-and-tobacco producing areas of the South and Southeast. Rural nonfarm poverty has the heaviest concentration in Appalachia.

Number of U. S. Families With 1959 Net Cash Incomes Under \$3,000 By Region and Residence, 1960

Residence	United States	Northeast	North Central	South	West
	<u>Thous.</u>	<u>Thous.</u>	<u>Thous.</u>	<u>Thous.</u>	<u>Thous.</u>
Families					
Urban	5,277	1,228	1,245	1,994	760
Rural	4,423	402	1,206	2,477	338
Nonfarm ..	2,853	330	625	1,647	251
Farm	1,570	72	581	830	87
Total ...	9,650	1,630	2,451	4,471	1,098

Rural America cannot expect to keep more of its young people unless more and better job opportunities are available either in rural areas or in towns and cities within commuting distance. In turn, this will bring the improved living conditions they seek, and help to build the public facilities they need -- schools, hospitals, water supply, and sewage facilities.

Farming Still the Backbone of Rural America

Adequate farm income is essential to a stronger rural economy, for farming remains the backbone of rural America.

When the farmer prospers, Main Street of rural America prospers, for that is where the farmer buys the bulk of his food and feed, his machinery and implements, his seed and agricultural chemicals. At least 80 percent of the farm families who buy these items buy most of them in towns of less than 10,000 population. For these items, farm families already are a \$29.4 billion-a-year customer of business and industry. They spend other billions on consumer goods.

The trade and industrial potential of bringing rural living conditions nearer those of urban areas is tremendous; for example, to put hot and cold water in the 35 percent of farm homes and the 12 percent of rural nonfarm homes without this convenience of modern living would be an enormous economic boost for rural and urban trade centers.

Measuring Rural Change on Main Street

Changes in rural America are measurable on the Main Streets of its towns and small cities.

Greene County, Iowa, is an example. Between 1950 and 1960, this typical Corn Belt county saw its population drop from 15,500 to 14,400 -- a net loss of 1,100 people or 7.1 percent. With the heaviest migration among youths and young adults, the number of persons in the middle-age groups -- the ages of employment and productive work -- declined in proportion to the numbers of persons in the dependent groups, the very young and the aged.

The county seat, Jefferson, had moderate population growth, but much of the gain has been composed of older persons.

Between 1948 and 1958, Greene County saw the number of its retail stores decline by 5 percent, compared with a decline of 3 percent nationally.

During this same period, retail sales per Greene County store rose 39 percent -- less than the 51 percent increase for the Nation. In 1958, Greene County retail stores averaged \$86,100 in sales, while those of the Nation were \$111,600.

The brightest spot in Greene County retail sales was brought on by agricultural technology. The stores that sell farm supplies, machinery, and equipment had much greater sales increases, between 1948 and 1958, than these types of stores in either Iowa or the Nation. For example, the category of stores that includes fertilizer, fuel, and feed retailers increased sales by 88 percent. The increase in Iowa was 25 percent and in the Nation 57 percent. Sales of farm machinery, lumber, and building materials were up 47 percent in Greene County between 1948 and 1958; up 8 percent in Iowa, and up 28 percent in the United States.

When Jefferson people were asked to identify the county's greatest problems, they mentioned these two most frequently: 1. Not enough jobs; and 2. Too-low wages to keep young people in the community and to hold the adults now employed.

New Programs Emphasize Economic Opportunities for People

Too often, the problems of rural America have been blamed on over-production. Too often, the solutions attempted have been largely oriented to commodities.

Today, the work of the U. S. Department of Agriculture is oriented to the people of rural America -- farm and nonfarm -- to help them develop new economic strength, create more jobs, provide more of the products and services all Americans want, including outdoor recreation, and learn and participate more fully in programs designed to improve their level of living.

New programs of economic development are moving ahead. Effective supply management programs -- such as those for feed grains and wheat -- are operating. These new programs are meshed with the older programs of credit, conservation, research, marketing, crop insurance, service to cooperatives, and education. The Department's work is coordinated with programs of other Federal Departments and independent agencies and with those of State and local governments.

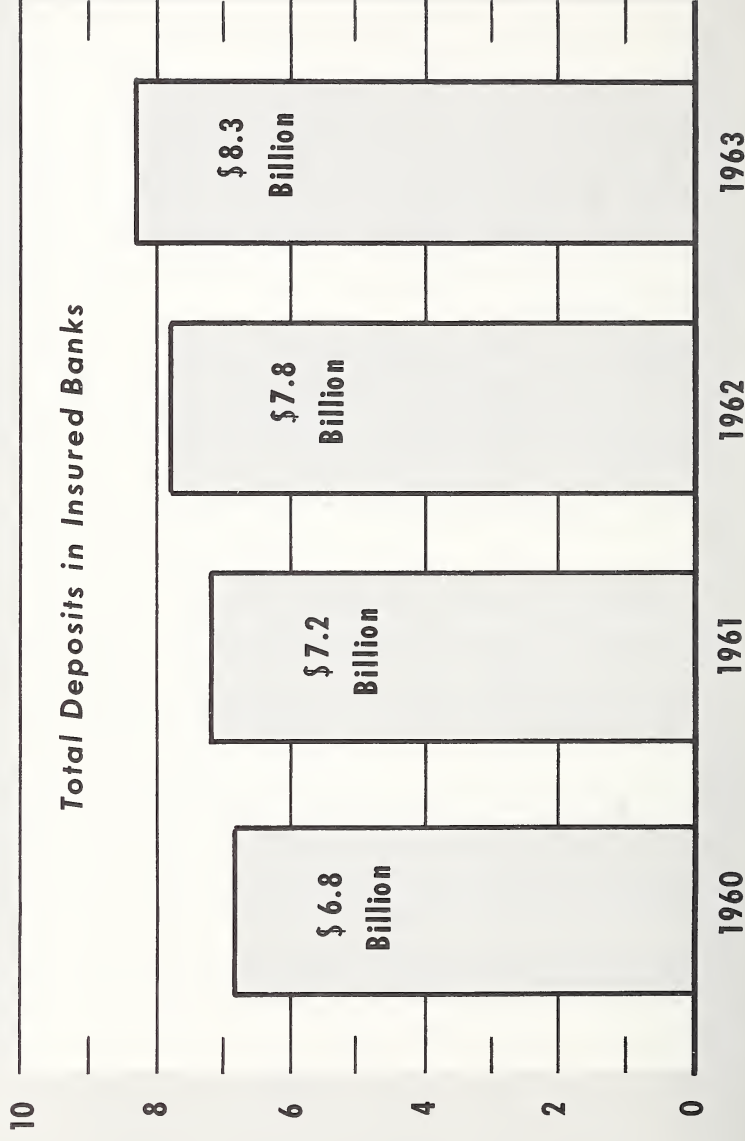
The Goals

These people-oriented programs are aimed, through locally initiated and locally determined activities, at removing the causes of low income, under-employment, rural poverty, declining villages and towns, and over-production of commodities.

This blending of new and existing programs of the Department of Agriculture and other agencies seeks to gain such high priority national goals as:

1. Helping rural people adjust to the rapid changes taking place in America today;
2. Opening the doors of opportunity for rural youth through better education and training;
3. Encouraging faster expansion of commercial enterprise in rural areas and thus providing new employment and other nonfarm income;
4. Readjusting rural land use to make more land available for outdoor recreation and open spaces, while reducing cropland acres;
5. Strengthening and expanding farm and other rural cooperatives;
6. Protecting and developing the Nation's soil, water, forests, grass, fish, wildlife, and open spaces;
7. Strengthening the family farm pattern, while insuring an efficient and productive source of food and fiber in a way that increased efficiency does not mean less income to the producer;
8. Providing adequate public facilities and services in rural areas.

FARM INCOME REFLECTED IN BANK DEPOSITS OF 618 SELECTED AGRICULTURAL COUNTIES



RURAL ECONOMY

ON THE WAY UP AGAIN

The economic upswing in rural America is evident from farm to Main Street. Gross farm income rose 11 percent, or \$4.1 billion, from 1960 to 1964:

1960 -- \$37.9 billion.
1962 -- \$40.9 billion.
1964 -- \$42.0 billion.

Realized net income from farming was up 8 percent, or \$900 million, from 1960 to 1964:

1960 -- \$11.7 billion.
1962 -- \$12.6 billion.
1964 -- \$12.6 billion (preliminary).

Per capita personal income of the farm population rose 19 percent from 1960 to 1963 to an all-time high, reflecting the greater income from farming, an increase in nonfarm income (off-farm work and other sources), and a still declining farm population:

Per Capita Personal Income, Farm Population

		Preliminary Estimates	
	<u>1960</u>	<u>1963</u>	<u>Up</u>
All	\$1,254	\$1,488	19%
From farm	790	976	24%
From nonfarm	464	512	10%

As income rose, farmers' buying was stepped up. For one thing, spending for production items was higher:

1960 -- \$26.2 billion.
1962 -- \$28.3 billion.
1964 -- \$29.4 billion (preliminary).

At least 70 percent of the added buying in 1963, over that in 1960, was done on Main Street of towns under 5,000 population.

Next to benefit were towns and small cities of population ranging from 5,000 to 30,000 where about 25 percent of the extra buying power was felt.

The remaining 5 percent of estimated additional farm buying was done in cities of more than 30,000 population.

Where FARMERS spent \$41.5 Billion in 1964

\$5.4 BILLION



BIG TOWN

Population 5,000 to 29,999

\$1.8 BILLION



CITY Population over 30,000

\$18.6 BILLION*
Other Farm EXPENDITURES



FARM

\$15.7 BILLION



SMALL TOWN

Under 5,000 Population

Farm families had an estimated total of \$45.8 cash income from farm and non-farm sources in 1964. Estimated expenditures totaled 41.5 billion

*This \$18.6 billion includes hired labor, livestock purchases, taxes, interest, medical care, and other items of expenditures, most of it probably in towns under 30,000 population.

This table shows estimates of how and where farmers spent their additional income in 1964 for food, clothing, household furnishings, and production items:

Expense Item	Increased Spending 1960-1964	Estimated Spending in Towns with Population of:		
		Under 5,000	5,000 30,000	30,000 and over
<hr/>				
		<u>Million Dollars</u>		
Feed	1,012	779	202	31
Tractors	418	276	109	33
Automobiles	480	254	149	77
Fertilizer, lime	370	278	74	18
New construction	156	112	36	8
Repair and operation of buildings	52	37	12	3
Food	366	260	84	22
Clothing	177	74	62	41
Household furnishings	105	61	32	12
Sub Total	3,136	2,131	760	245
Other and Savings	764	---	---	---
Total	3,900			

More Income Means Investment

Local capital is also increasing to provide the means for increasing investment and faster economic growth in rural areas.

In 618 selected agricultural counties, deposits in insured commercial banks were 7 percent higher December 31, 1963, than a year earlier. Also, in small trading centers, deposits in insured commercial banks were up 7 percent, or \$4.5 billion.

Job Upswing in Manufacturing Centers

Increased farm buying power is soon translated into more factory jobs. From 1960 to 1963, the value of tractor shipments for domestic use rose 46 percent. Domestic shipments of other farm equipment increased 16 percent from 1960 to 1963.

Unemployment in important farm machinery industrial centers dropped between January 1961 and January 1964:

In Peoria, Illinois, the unemployment rate dropped from 8.9 percent to 4.8 percent in January 1964.

AGRICULTURAL PRODUCTS CREATE JOBS AND WEALTH FROM FARM TO MAIN STREET



*Farmer's share--23 percent Nonfarm share, including taxes--77 percent

In Rockford, Illinois, the rate dropped from 7.1 percent to 4.0 percent.

In the Davenport-Rock Island-Moline area, the unemployment rate dropped from 5.5 percent to 3.1 percent.

In Racine, Wisconsin, unemployment dropped from 9.0 percent to 4.6 percent.

Surplus Downswing

In 1961, 1962, and 1964, feed grain production dropped below domestic consumption and exports for the first time in 10 years. Reduction of stored surpluses means ultimate savings to taxpayers of more than \$1 billion through lower storage and handling charges.

Total carryover of all feed grains has been dropping progressively from a record 85 million tons in October 1961 to around an estimated 58 million tons by October 1965. Participation by producers in the feed grain program has helped bring the carryover down about two-thirds of the way toward the level considered to be desirable and prudent for national security.

The wheat stabilization programs have helped materially in rolling back wheat carryover by about 500 million bushels below the 1960-61 record carryover of 1.4 billion bushels. This has substantially reduced Government storage and handling costs. The 1965 program offers wheat farmers a continued opportunity to make needed production adjustments.

Food Prices Stable

Food prices remained relatively stable. Cost of food served in the home rose 3 percent during the 4 years, 1961 through 1964. All food prices rose 4 percent, less than the entire Consumer Price Index. Americans now spend less of their take-home pay for food than ever before -- about 18.5 percent in 1964, compared with 22.4 percent in 1954.

ECONOMIC GROWTH IN RURAL AMERICA

Some Examples

New economic vitality is appearing in hundreds of communities and small towns across the Nation as local people combine their own resources with those of the Government to create jobs and improve rural living conditions.

The Government response to these local development efforts was made more effective in 1961 when the Department of Agriculture pulled together in a single package all of the programs that local people could use to achieve their goals. In addition, USDA field people and other Government employees working in rural counties formed Technical Action Panels to serve local development groups as advisors and consultants. This organized approach to the problems of creating jobs and improving rural living conditions became known as Rural Areas Development.

By the start of 1965, local people had organized Rural Areas Development (RAD) committees in more than 2,100 counties. These committees have carried out, or were working on, projects that have created some 412,000 new jobs. More than 90,000 rural people have been, or are in retraining courses.

In 47 States and Puerto Rico, RAD committees completed 5,908 projects during the 12 months ending November 1, 1964. Some 109,000 rural leaders serve on 2,138 county RAD committees and subcommittees and 171 multicounty groups -- systematically studying, planning and carrying out development of their areas' resources, with help from USDA agencies organized into Technical Action Panels, State and local government agencies and other organizations.

The Area Redevelopment Act, passed in 1961, provided RAD committees with additional financial assistance to attract new industrial plants and business firms to rural communities, and to build the public facilities needed to serve such plants.

The Food and Agriculture Act of 1962 and other legislation gave the Department of Agriculture lending authority for the first time for rural nonfarm housing, for recreation, for rural water systems and for Rural Renewal and Resource Conservation and Development Projects -- two pilot-type approaches to the problems of rural development. In addition, the small watershed program was expanded. The Accelerated Public Works Act, now expired, provided temporary jobs, permanent improvements, and an economic lift for many communities.

The Manpower Development and Training Act and the Vocational Education Act of 1962 followed to provide rural people with the training they needed to obtain jobs in an era of mechanization and automation.

The Economic Opportunity Act, added late in 1964, is stimulating comprehensive community action against poverty, and provides money to help people plan, as well as carry out, programs for community advancement.

Local people are using these and other programs in many ways to promote economic growth, to build community facilities, and to develop their skills and abilities.

Many of these examples show how the programs of agencies other than the Department of Agriculture are being used to aid rural people. The goal of rural community development services provided by USDA is to help the people of rural America to take advantage of all programs available to them.

Avery County, North Carolina, is representative of the progress local people are making in developing rural areas. When the people of Newland, in Avery County, surveyed their industrial potential, they found their assets were rather limited.

But the survey spurred organization of a planning board, which, in 1962, worked out county-wide plans to develop recreation, tourism, agriculture, and service-type industries.

Since then, per capita income has greatly increased, more than doubling what it was 12 years ago. Before 1965 is half gone, 500 new jobs are expected to open, adding a \$1.5 million payroll in a county of barely 12,000 persons.

The first major step was to start work on Mountain Glen, a recreation complex which will include summer cottages, a motel, restaurant and other facilities constructed around an 18-hole championship golf course.

"We opened nine holes of the golf course in 1964 and will open all 18 holes in the summer of 1965," reported civic leader Ray Braswell.

Local people sold lots and stock to raise the \$400,000 needed to start work on Mountain Glen. Later they obtained authority for a \$390,000 Area Redevelopment Administration loan to complete the project.

The spirit of cooperation and achievement generated by development of the Mountain Glen project led to other progress.

A knitting firm will open a plant in Avery County in 1965, providing employment for over 200 people. Local citizens raised half the needed \$300,000 to acquire the land and build the factory. The firm loaned the balance, interest free.

Two other small industries are expanding. A motel and restaurant have been built in Newland, and the owner says he decided to build because of the faith the people exhibited in developing Mountain Glen.

Despite the limitations of small farms too steep for mechanization, agricultural progress is being made. The county agricultural extension agent has been helping farmers to expand production of apples, cabbage, flowers, Christmas trees, and nursery stock.

"We are making progress -- progress that you can measure," says Braswell.

"But most significant is the change in the attitude of our people. The feeling that they can do something for themselves has become infectious."

In the Southwest, Rio Arriba County, New Mexico, is an example of RAD at workwork. Chama, a village of 1,300 people, has 30 new homes, a new shopping center, more businesses, and community improvements. The Rio Arriba County RAD committee and USDA Technical Action Panel are credited with helping the town secure a new water and sewage system -- the water system financed with a \$156,000 USDA loan. Natural gas has been piped in to lower fuel costs. A municipal recreation center is being built, streets have been paved, and fire and police protection have been improved.

Other examples are cited to show benefits of specific programs or combinations of programs when used under the initiative and leadership of local people.

USDA Credit Programs

The adjustment and credit needs of family farmers and rural communities are being served by a wide range of Departmental loans. A record 1.5 million farm and rural residents benefited from USDA supervised credit during 1964. The \$767 million in loans made or insured by the Department was 46 percent more than the average loaned annually for the previous 5 years.

Nearly \$295 million of the total amount loaned went to 74,000 family farmers to meet such operating expenses as purchasing needed equipment, feed, seed, livestock, other farm and home operating needs, and to refinance chattel debts, carry out forestry purposes and develop income-producing recreational enterprises.

Another \$218 million in farm ownership loans were used by 14,400 farmers to develop and buy farms not larger than family size, and to refinance debts, carry out forestry purposes and to develop income-producing recreational enterprises.

Substantial progress is being made by farm ownership borrowers. A 1964 study of 2,342 farm ownership borrowers, who obtained loans in 1958, shows that between 1957 and 1963, the average borrower:

- Increased his gross cash income from \$8,491 to \$16,078.
- Increased net farm income from \$2,732 to \$5,102.
- Increased family purchases of consumer goods from \$1,660 to \$2,594.

Similar progress was made by farmers who obtained farm operating loans. A survey of 7,800 such borrowers who repaid their loans in fiscal 1964 shows that during the 5-year loan period, the average borrower:

- Increased his gross income from \$7,177 to \$13,417.
- Increased net farm income from \$2,444 to \$4,574.
- Increased family purchases of consumer goods from \$1,600 to \$2,261.

Wyoming: USDA credit totaling \$273,500 recently made it possible for five Converse County ranchers to purchase a large irrigated tract -- formerly a corporation ranch -- and subdivide it into individual ranches of their own. This credit action, a first for Wyoming, kept four of the five ranch families from leaving the community because of expiring leases on small ranches. Within 3 years the five families are expected to have an annual gross income of \$125,000, which will circulate throughout the community. The 1,646 acres of land was bought from a three-man corporation which, in recent years, farmed it with hired labor. More than \$69,000 of the loan funds were set aside for irrigation improvement, individual water systems, construction of three new dwellings, and four farm service buildings -- improvements that would not otherwise have been made.

Rural Economic Opportunity Loans

By late February 1965, a total of 1,003 low-income rural families in 42 States and Puerto Rico had received loans totaling \$1,815,000 from the USDA under authority of the Economic Opportunity Act of 1964. Loans totaling \$1,216,000 were made to 676 low-income farm families to refinance debts on real estate; purchase land; purchase machinery, equipment, and tools; construct, repair, and improve buildings and purchase livestock. An additional \$599,000 had been

loaned to 327 rural families, including farmers, to carry out a wide range of nonagricultural income-producing activities including cabinetmaking, blacksmithing, pulpwood harvesting, arc and acetylene welding, machinery repairing, upholstering, handicraft production, dressmaking and altering, and spray-painting.

New Mexico: In January 1965, the Department of Agriculture began making Economic Opportunity loans to help low-income families in rural areas raise their income and living standards. One of the first of these loans went to Charles W. Moore, 44, married, who lives at Capitan, in Lincoln County. Moore used the loan (which was for the maximum of \$2,500) to buy a hydraulic wood splitter and a used pickup truck. This enabled him to cut and sell more firewood and posts. Moore, who has eight children, aged 2 to 15, expects to double his family's annual gross income which last year totaled \$2,500.

Opportunity Loans To Cooperatives

The first four loans by USDA to cooperative associations serving low-income rural families were made, under the Economic Opportunity Act of 1964, in February. These loans totaling \$105,910, were made to cooperatives in Wisconsin, Florida, Mississippi, and Arkansas. This new supervised credit program is designed to help families raise their incomes and attain better living standards.

Mississippi: One hundred low-income farmers in De Soto County, operating as the Southhaven Farmer's Association Market, will use a loan of \$55,000 repayable over 30 years to establish a cooperative market for their fresh vegetables and fruits including peas, beans, carrots, onions, corn, tomatoes, potatoes, turnips, peaches, apples, grapes, cherries, plums, and pears. Previously much of the produce was sold at sharply reduced prices or allowed to go to waste for lack of a marketing outlet. Loan funds will be used to purchase 3 acres of land with commercial frontage along Interstate Highway 55 in Southhaven; construct a 40 by 200 foot sales building and a 20 by 32 foot storage building complete with coolers and offices and to pave a parking area. A full-time manager hired by the cooperative will control the quality of produce offered for sale by individual members.

Rural Community Water System Loans

USDA has helped 558 rural communities finance construction of central water systems or improve existing facilities with loans totaling \$72,745,000 since January 1961. Because of USDA water system loans more than 385,000 rural residents are now or soon will be enjoying, running water in their kitchens and bathrooms, and sufficient water for their livestock and their garden crops. They also have or

will have an opportunity for adequate fire protection. The bulk of funds used to construct the water systems was provided by private investors and insured by the Federal Government. However, there are some 30,000 rural areas still without central water systems.

Texas: Until June 1964, the 89 families living in the small community of Hilltop, in McLennan County, caught rainwater in cisterns or drew water from unsafe shallow wells and springs. Then a \$107,000 loan advanced by a private lender (Amalgamated Clothing Workers of America) and insured by the USDA, financed construction of a water distribution system, including the drilling of a deep well for this community. The new system serves over 400 rural people.

Some 240 children attending a school served by the system now have a safe and adequate water supply for the first time. Two new homes were being built within 60 days after completion of the system.

Resource Conservation And Development (RC&D) Program

Activities are underway in 10 pilot RC&D projects, in New Mexico, Indiana, Wisconsin, Minnesota, Pennsylvania, Vermont, Georgia, South Dakota, Oregon, and Washington-Idaho. Nine of the projects are authorized to receive help from USDA agencies in carrying out the Federal share of the various measures in their plans.

Minnesota: In the West Central Minnesota Resource Conservation and Development (RC&D) project in Swift, Pope, Kandiyohi, Wadena and Otter Tail Counties, some of the 80 or more projects have been completed or are well on their way. The Crow Wing Canoe Trail, 75 miles long, the first to be completed, was dedicated in June 1964. Land and facilities of this vacation area are valued at \$180,000. Elsewhere in the RC&D project, assistance has speeded improvements of two parks and development of 10 campsites, a game refuge, a recreational water project, and a lake for a 100-acre wildlife area. The pilot project, which will require from 12 to 15 years to complete, will generate new jobs, new recreation areas, and will help increase rural income. Annual benefits at the end of 5 years are expected to be about \$1.2 million.

Rural Renewal Program

A total of \$669,500 in Rural Renewal loan was made during 1964 to county development authorities in Florida and Arkansas. This program got underway in February of 1964. In addition to the \$553,000 loaned to the Little River County Rural Development authority of Arkansas, a \$116,500 loans was made to the Holmes County, Florida, Development Commission.

Arkansas: The Department has advanced approximately \$553,000 in rural renewal loans to the Little River County Rural Development Authority to finance special phases of the county's Rural Renewal development plan. Loans to the local sponsor included:

1. \$105,000 to buy and develop a 40-acre tract near Foreman and to construct 12 homes. Two homes have already been built. The authority will sell these houses to low-income families now living in rented or substandard homes.
2. \$60,000 to buy and develop 17 acres near Winthrop and to build six homes for sale to low-income rural families. A regular USDA loan is being processed for financing construction of a water system for this community.
3. \$95,000 to purchase 614 acres of land for development of a demonstration forest which offers possibilities for later development of public outdoor recreation.
4. \$200,000 to buy and develop 40 acres near Ashdown and to construct 20 homes for sale to low-income rural residents presently without adequate housing.
5. \$93,000 to purchase 46 acres as homesites near Foreman and to construct 10 homes. These homes will also be sold to low-income residents.

Grazing Association Loans

A new method of strengthening family ranch enterprises took shape in 1963 and 1964 when USDA loaned or insured close to \$5 million to grazing associations in Colorado, Idaho, Montana, and Wyoming. The loans were made to 12 nonprofit associations -- composed of some 300 families -- to purchase or lease about 500,000 acres of range land. These funds are helping ranchers solve the problem of the lack of available grazing lands, high rental costs, and instability of tenure.

Wyoming: It is estimated that the economy of southern Carbon County will receive a \$400,000 boost as the result of a \$787,500 loan to Eureka Pool, Inc. -- a grazing association formed by 20 area ranchers. With

the \$775,000 loan, the association recently bought 58,800 acres of deeded lands and obtained grazing rights on 10,480 acres of State lands, 8,320 acres of Union Pacific Railroad lands and 158,000 acres controlled by the U. S. Bureau of Land Management. The USDA loan also provided \$12,500 for fencing and livestock water development. The group spent \$20,000 of its own funds to complete needed land and water development. Future plans include the spending of an additional \$200,000 for recreational development, land contouring, reseeding, and additional livestock and wildlife water development.

Rural Electrification And Telephone Programs

More than \$5.3 billion in USDA loan funds have been invested by more than 1,900 private enterprises in their local electric and telephone facilities. In 1964 alone, this investment totaled \$344 million.

These electric and telephone facilities serve 7 million people and provide full-time jobs for more than 40,000 local people.

The market created by these rural electric systems for electrical appliances and equipment amounts to about \$1 billion a year.

More than 300,000 rural people will get electric or new or improved dial telephone service as a result of 1964 USDA loans.

Oklahoma: Participation in Rural Areas Development activities by USDA electric and telephone borrowers has resulted in a number of new job-creating rural businesses and industries. An estimated 3,500 jobs have been or will be created by 53 commercial and industrial projects that Oklahoma borrowers helped launch. For example:

Close cooperation by Southwest Oklahoma Telephone Company, Duke, Harmon Electric Cooperative, Hollis, and Western Farmers Electric Cooperative, Anadarko, was instrumental in launching a large gypsum mining and wallboard plant in Jackson County that has a payroll expected to exceed \$1.2 million a year.

Canadian Valley Electric Cooperative, Seminole, helped make possible a new feed and grain mill cooperative with a beginning membership of 140 farmers.

Caddo Electric Cooperative, Binger, led community efforts to help establish a new carpet manufacturing mill, warehouse, a brick manufacturing plant and an animal clinic. The carpet mill alone employs 135 people; most of them are Indians some of whom never before had a full-time job.

Rural Housing Program

More than 98,000 families have received USDA housing loans exceeding \$797 million since the program was authorized by Congress in 1949. More than one-half of these loans were made during the past 3 years. During 1964 alone, USDA loaned 14,724 farmers and rural residents \$128.8 million to construct or remodel homes and other buildings. (This does not include senior citizen rental housing or farm labor housing loans). The impact of housing construction extends throughout the economy. Contractors, small businessmen, material suppliers and building trade workers all benefit from increased business and employment opportunities.

Tennessee: Over 575 rural residents of Lawrence County -- a former agricultural area which is rapidly becoming a manufacturing center -- now enjoy modern and moderately priced housing because of USDA's accelerated rural housing program in this area. Housing had been a serious problem in certain parts of Lawrence County. During the past 3 fiscal years, 130 rural housing loans were made in the county for a total of \$1,066,467. Many borrowers live on farms, do part-time farming, but are employed in the area's manufacturing plants. Since the housing program was expanded in fiscal 1962, the USDA also has made 30 housing loans in adjoining Wayne County and 6 in nearby Lewis.

Individual Senior Citizen Rental Housing Loans

During fiscal 1964, some 1,085 loans totaling \$6,052,047 were made to persons 62 years of age or older to construct or remodel a home. From the beginning of the program in mid-1962 through December 31, 1964, some 2,351 loans totaling \$12,620,816 had been made. This program offers senior citizens in rural areas the opportunity to maintain their independence in communities where they have spent their working days.

Illinois: Arthur B. Norberg, 67, who retired in January, 1964, after 42 years as a tenant farmer in Douglas County, is now living with his wife Angie, 64, in a house of their own, because of a \$5,000 USDA senior citizen housing loan. The Norbergs live 10 miles from the Bement community, where they farmed. The house they bought with the USDA loan is well built and equipped with modern conveniences.

Senior Citizen Rental Housing Loans

Since the Department's senior citizen rental housing loan program started in the spring of 1963, some 36 loans for \$2,216,220 have been made (through December 31, 1964). More than 700 people live in the 376 units financed by these loans.

New Jersey: The Department's first senior citizen rental loan was made April 12, 1963, to a businessman in Jackson Township for \$100,000 to build 20 apartments on a 6.7-acre tract near Ocean City. A survey showed more than 15 percent of the county's residents were older than 65. There was such a demand for housing that USDA insured a subsequent senior citizen's loan to the same businessman for \$200,000.

Labor Housing Program

As of December 31, 1964, the Department of Agriculture had made 23 loans totaling \$1,176,990 in 10 States to provide modern living accommodations for 2,135 low-income farmworkers in Alabama, Arkansas, Florida, Idaho, New Jersey, Washington, North Dakota, Wisconsin, Mississippi, and North Carolina.

Florida: USDA makes insured loans to finance housing for domestic farm labor. Typical of these loans is the \$195,000 loaned to Sloan Labor Foundation, Inc., Delray Beach, in May 1964, to provide adequate housing for 275 migrant farm workers. A labor union provided the insured funds.

Income-Producing Recreation

Since passage of the Food and Agriculture Act of 1962, the Department of Agriculture, through soil and water conservation districts, has helped more than 26,000 land owners and operators establish one or more income-producing recreation enterprises. Over 2,100 of these enterprises will serve as the primary source of income.

Iowa: An Iowa father-son team, cooperating with their local soil conservation district, converted 80 acres of their 240-acre dairy and hog farm into a 9-hole golf course, which they plan to expand to 18 holes. Their farm equipment was used in seedbed preparation, grass planting, and maintenance. The farm pond provides water for a sprinkling system on the fairway and greens. The course attracts as many as 500 golfers on a good weekend.

Recreation Loans

Residents of 422 small towns, open country areas and nearby cities in 47 States and the Commonwealth of Puerto Rico, are, or soon will be, enjoying new and better outdoor recreational opportunities because of USDA recreation loans. Most of the \$11,464,260 in supervised credit extended by the Department to 104 nonprofit

rural groups since the program started in late 1962 to finance community recreational projects has been furnished by private investors and insured by the Federal Government. In addition, some 318 loans totaling \$2,003,199 -- many of them from private investors and insured by the Government -- were made to help farm families carry out necessary construction, buy equipment, and meet other expenses of farm-based recreational facilities.

Maine: A USDA-insured recreation loan to Mr. and Mrs. Frederick M. Stoddard, Bowdoin, Sagadahoc County, helped them develop a recreation enterprise to supplement their income from 40 Brown Swiss cattle. The \$5,000 loan financed fishing, swimming, camping, tenting and picnicking facilities on their 230-acre dairy farm. The Stoddards -- farmers for more than 20 years -- are also participating in the pilot Cropland Conversion Program.

New York: A \$253,000 insured loan to the Cortland County Recreation Association, near the town of Marathon in Cortland County, will soon make a well-rounded recreational center available to 112,000 rural people. Clearing of 130 acres of farmland -- which at one time was used to produce dairy cattle feed -- has been completed, and the recreational center's swimming pool and tennis courts are expected to be finished by early July 1965. The loan will also finance an 18-hole golf course, playground, softball field, a miniature golf course and two ponds. The recreation project will create employment, bring capital into the area, and increase the community's attractiveness.

Cropland Conversion Program

Some 7,500 farmers are participating in this pilot program. They receive adjustment and cost-share payments to shift land out of surplus crops and into recreation, grass, trees, wildlife habitat.

The Cropland Conversion Program began in 1963. That year more than 2,800 farmers agreed to convert more than 129,000 acres of cropland. Of these, 123 farmers went into the recreation business, diverting 8,344 acres of cropland to boating, picnicking, hiking, fishing, riding, golfing, shooting and other recreational uses.

For the 1964-65 program, the Department designated 101 counties in 36 States as test areas and agreements are still being negotiated. Preliminary figures indicate about 4,700 agreements will be written to convert more than 275,000 cropland acres to other uses.

Utah: With the help of the Cropland Conversion Program, Dale Vance, San Pete County, is converting 24 acres of irrigated land to recreation and retaining about 10 acres in irrigated hay for horses. Summer camp facilities for boys and girls, fishing ponds, facilities for swimming and water sports are being developed, and horseback riding facilities will be provided. The farm is near enough to elk and deer hunting areas for the camp and horseback riding facilities to be used during the big game hunting season. In addition, Mr. Vance's long-time plan calls for the development of a trailer park and tent sites. Mr. Vance obtained a USDA loan to buy equipment and meet other costs not covered by his Cropland Conversion Program assistance.

Small Watershed Program

Nearly 2,300 applications, covering 160 million acres, have been received from sponsoring local organizations in 49 States for help with small watershed protection and flood prevention. Of the proposed projects, 612 are operating and 445 others are being planned. New legislation permits Federal cost-sharing for public recreation, and also offers more help to local people in developing water supply for future municipal and industrial needs.

Kentucky: Mud River Watershed Project near Russellville is one of many examples of community benefits derived from watershed projects started by local people with help from USDA. Water supply, recreation and flood prevention are all helping local people to use their own resources and those of the State and county to create more favorable economic conditions.

A new plant manufacturing chicken crates and prefabricated "hog parlors" was set up at Lewisburg as a result of a new water supply.

A new boat shop has been opened to take advantage of the 900-acre recreation Lake Malone. It is estimated there will be 15,000 man-hours of fishing annually in the lake and several hundred thousand visitors will use the lake facilities. More than 200 lakeside building lots have been sold, 50 cabins have been built, as well as a \$45,000 sportsmen's lodge, and 30 miles of public roads have been built, including a new bridge costing \$154,000. Electric and telephone lines have been installed to serve the area.

The Mayor of Lewisburg estimated 170 new jobs will be brought to the community.

Emerson Electric Company built a \$4 million plant at Russellville in early 1963, hiring 460 people. It now has expanded to 700 employees and has an annual payroll in excess of \$2.25 million. Another expansion is already underway. It will add 50 more employees. Rockville Manufacturing Company recently completed a \$500,000 expansion, and now has 285 workers with a payroll estimated at \$1 million to \$1.5 million a year.

Watershed structures are protecting the existing water supply by reducing sedimentation.

Recreation And Municipal Water Storgae In Small Watershed Projects

The Food and Agriculture Act of 1962 amended the Watershed Protection and Flood Prevention Act to provide certain Federal financial assistance to sponsoring organizations in adding recreation and municipal water supply to small watershed projects. There are now nearly 90 projects in 34 States that have either preliminary or final approval for establishing recreation. About 30 -- or nearly half -- of the projects in which municipal water supply is being included are being carried out under the amendment.

Ohio: People in West Fork Duck Creek Watershed are using Federal assistance to add municipal water storage and recreation to flood prevention in their small watershed project.

In addition to alleviating flood damages to farms and urban areas, the towns of Belle Valley, Florence, and Caldwell will receive a much needed water supply through the project. Recreation facilities are planned at a 220-acre lake that will be formed by one of the flood prevention dams. It is expected that about 60,500 people will use the lake annually.

By developing its soil and water resources, the community will be able to attract industry and better its economic condition.

Area Redevelopment Program In Rural Areas

The Area Redevelopment Administration, Department of Commerce, has helped rural people finance 316 projects that created 40,299 direct new jobs. ARA has advanced \$92,356,000 to help start 224 commercial and industrial plants or tourist facilities in rural areas. It also has made loans and grants totaling \$58,601,000 to finance 92 public utilities. In rural counties designated as eligible for ARA assistance, the Department of Agriculture helps local people prepare the required Overall Economic Development Program, reviews project proposals, makes recommendations to the Department of Commerce, and aids the ARA program in other ways.

Arkansas: The combination of local and Federal resources added over 750 jobs in Marion and Baxter Counties.

Voters in the two Ozark rural counties approved a \$535,000 bond issue to start the Mar-Bax Shirt Company (named for the two counties) at Gassville.

But Gassville, with a population of 233, did not have enough water for the new industry. Neither did the community have the assessed valuation to support the \$160,000 bond issue necessary to finance a water system. The Area Redevelopment Administration, Department of Commerce, made a public facility loan of \$31,000 and a direct grant of \$129,000 to Gassville to finance the needed water system. This was the first ARA loan and grant anywhere in the Nation.

By the end of 1964, some 750 people (most of them living within 50 miles of the plant) were on the payroll, earning an estimated \$2.2 million a year. In addition to increasing local income, the plant has helped the area significantly by smoothing out seasonal income fluctuations.

Area Redevelopment Training And Retraining

As of January 1, 1965, the Department of Commerce's Area Redevelopment Administration had authorized 876 projects for 39,262 trainees. Of

these, about 445 projects were in rural areas for some 16,000 trainees.

Tennessee: There were a number of jobs open in Hardin, McNairy, and Wayne Counties, but few unemployed and underemployed workers in the area had the skills required to fill them. Some were high school graduates. Others were high school dropouts, or without schooling beyond the eighth grade. But the jobs available in the area called for trained personnel -- farm machinery operators, electrical appliance servicemen, combination welders, and general office clerks.

Under the area redevelopment program, projects were approved to prepare some 200 workers for these jobs. About 165 completed the training courses, and about 75 percent found stable employment which will substantially increase their earnings.

Manpower Development And Training

As of January 1, 1965, the Department of Labor had approved 4,992 Manpower Development and Training Act institutional training projects for 285,485 trainees. More than 80,000 trainees were scheduled for instruction in nonmajor labor markets, which includes rural areas.

Pennsylvania: When Permal, Inc., began expanding its line of products, it ran into a problem. There were not enough machine operators to be found in Mt. Pleasant, a community of 5,883 population.

Permal officials turned to the State Employment Service and the U. S. Department of Labor and -- with the Pennsylvania Department of Public Instruction -- they arranged for a Manpower Development and Training Act (MDTA) course.

About 150 people applied, and 20 were chosen to begin training November 5, 1962. Sixteen completed the course, and all were employed.

One was a 42-year-old father of two who had been out of work since 1960 when he was laid off as a thermostat inspector in an automation cutback. Illness had put him in debt.

The man was hired June 4, 1963, by Permal, Inc. He likes his work, is steadily increasing his skills, and feels he has an opportunity for advancement.

Cooperatives

Farmers did a net volume business of \$13.8 billion in 1962-63 through their marketing, farm supply, and related service cooperatives according to latest statistics compiled by USDA. About four of every five farmers used cooperatives to strengthen their family farming enterprises.

Latest figures show there are 9,039 marketing, farm supply, and related service cooperatives with more than 7 million memberships in the United States. Of these, 5,626 are predominantly marketing cooperatives; 3,206 are predominantly farm supply cooperatives; 207 are cooperatives performing services related to marketing farm products and handling farm production supplies.

The value of farmers' investment in cooperatives now amounts to over \$5 billion. Nearly half of this investment is ownership interest in marketing and farm supply associations. It is estimated that farmers' net income is at least half a billion dollars higher per year because they use cooperatives.

Pennsylvania: Cove Apple Packers Cooperative in Martinsburg was formed with help from USDA staff members and a loan from the Area Redevelopment Administration. Besides adding to the income of the apple growers, construction of the plant resulted in over a third of a million dollars being spent for materials, construction wages, and machinery for the new plant.

In 1964 alone, the cooperative spent \$100,000 for packaging supplies and \$50,000 for trucking bills and paid out over \$75,000 to local people working in the plant.

Arkansas: Today over 60 million bushels of soybeans are produced annually in eastern Arkansas, an increase of almost 50 million bushels over a decade ago.

Arkansas Grain Corporation, Stuttgart -- a cooperative with 7,500 members -- is largely responsible for much of this increase because of 48 new elevators and two soybean processing plants it has built. The cooperative also has constructed large terminal elevators beside each processing plant. With these facilities, the cooperative can handle one-third of the soybean crop in the State.

The co-op has created jobs for at least 350 people with a payroll of about \$1.7 million through its various activities.

Soybean farmers receive at least 20 cents a bushel more for their soybeans as a result of the cooperative's operations. These soybean sales add \$12 million to the annual rural income in eastern Arkansas alone.

Research findings made available to the cooperative by USDA have helped bring about these benefits for Arkansas farmers.

Extension Work With Low-Income Groups

A 1964 USDA survey showed a third of Extension agents' time was devoted to work with low-income people. In addition to work with low-income groups and service to farmers, agricultural Extension agents last year:

Worked with 7,341 community organizations in 37 States; carried on educational work with 54.5 million homemakers; and helped 2.2 million 4-H members complete almost 6 million 4-H projects. Over 500 Extension specialists are currently employed in multicounty areas to bring specialized competencies to bear on area problems.

Puerto Rico: Prey to disease and living under unsanitary conditions, the 47 families in the Jobos neighborhood of Arecibo County -- were separated from the nearest health facility by 16 miles of bad roads and mountainous terrain. Nine years ago, two Cooperative Extension Service agents began training the people in first aid, disease prevention and methods of keeping foods and water free of contamination. Now joined by the training and a common interest in better health, a group of the people and the agents are cooperating with municipal authorities to build a local medical dispensary. A new road has been built and electricity for the neighborhood is planned as result of the community's cooperative assault on its problems.

Alabama: Like many towns, the community of Flatrock, in Elmore County, found its small farms provided a weak economic base. Housing was poor, people were moving out, community services were almost nonexistent, and income was at an alltime low. The community was dying.

Using community churches as a rallying point, County Agent Roscoe Lee and resource people from Tuskegee Institute developed community leadership to stem the decay. During the past few years, three churches have been renovated or built. Church programs have been expanded to become a vital force in the community's renaissance. The community club obtained an abandoned school, fixed it up as a community meeting place and child-care center.

The county agent helped small farmers improve their efficiency and find off-farm jobs. Added income has been used to build or remodel over half the homes in the community.

National Forests

A record 11 billion board feet of timber was harvested from the 154 National Forests in Fiscal Year 1964 -- an increase of 1 billion board feet over the 1963 harvest. Timber sale receipts for the period amounted to \$128 million, up \$10 million from 1963. Recreation visits to the National Forests also set up a new record with an increase from 123 million in 1963 to approximately 135 million in 1964. Cash receipts from all National Forest sources in 1964 totaled \$135,700,000. Twenty-five percent of these receipts are returned to the States to be used for schools and roads in counties containing National Forest lands. Over 200,000 acres of National Forest lands were planted or seeded to trees during 1964. To provide access to more remote areas for fire control, insect and disease control, timber management, recreation, and other activities, 2,788 miles of roads and trails and 252 bridges were constructed or reconstructed during the year.

Wyoming: The Star Valley Rural Areas Development Committee through its Overall Economic Development Plan has brought an upsurge in the economy of the Star Valley area. A major factor was establishment of the Star Valley Lumber Mill with the help of a loan from the Area Redevelopment Administration.

In addition, the Greys River Lumber Company built a new sawmill and a third mill, operated by Cliff Creek Lumber Company, doubled its production. Timber for these mills comes from the Bridger National Forest administered by USDA.

The RAD committee also helped establish an airplane plant employing 40 people and encouraged several small business expansions.

Accelerated Public Works projects on the Bridger National Forest, including construction of a new campground that attracts tourists, helps boost the economy and provides additional employment.

A progress report by the RAD committee says: "Optimism has replaced pessimism, and a positive attitude has replaced hopelessness. A year ago, the hospital was \$13,000 in the red and now it is \$6,000 in the black. School teachers' wages have been increased. Old bills are being paid. We are finding ways to supplement our basic dairy agriculture and keep more of our young people in our valley."

Job Corps Conservation Centers In The National Forests

In February 1965, 26 other USDA centers are either under construction or having bids advertised. It is expected that 43 camps will be activated by June 30, 1965. These will be 100- or 200-man camps. Other Job Corps Conservation Centers are operated by the Department of Interior.

Arkansas - North Carolina: By February 1, 1965, the Department had activated two Job Corps Conservation Centers. The Ouachita Center near Hot Springs, Arkansas, had an advance complement of 11 corpsmen. The rest of the corpsmen were expected within a few weeks. The Arrowwood Center near Franklin, North Carolina, was being used as a training facility for Jobs Corps Staff personnel.

Job Corps Conservation Centers were provided for in the Economic Opportunity Act of 1964. The Centers are designed to help young men 16 to 21 years old who are out of school and out of work learn new job skills and to better prepare themselves to find and hold a job.

Recruiting is progressing rapidly. According to the National Advisory Council on Economic Opportunity, applications were coming in at the rate of 6,000 per day in February 1965. By early February, 88,000 had been received.

Loans For Forestry Purposes

Nearly 400 family farmers and ranchers, in wooded sections of the country, had borrowed close to \$3 million by December 31, 1964 to help them make farm woodlots a full producing part of their operations. Forestry loans carry a 3-percent interest rate and, when justified, loan payments can be deferred until income is available from forest products. States most active in this program in 1964 and the amount of forestry loans made in each State were: Georgia, 49 loans for \$457,460; North Carolina, 43 loans, \$217,340; South Carolina, 36 loans, \$99,730; Alabama, 15 loans, \$156,750; Tennessee, 15 loans, \$63,340; Missouri, 12 loans, \$27,270; and Montana, 5 loans, \$18,300.

Georgia: The projected income for forestry loan borrower Earl A. Hardee, Baxley, from his timber tract is expected to be over \$6,500 in 1972 when he markets his first cut of timber. This producer of tobacco, hogs, cattle and cotton used his \$16,700 loan to purchase needed land for farm forest development. His gross income was close to \$9,000 in 1964.

USDA State Cooperative Forestry Programs

Technical assistance was given to 97,000 landowners in managing 6 million acres of forest lands under cooperative programs with the States in 1964. Timber valued at \$15.6 million was harvested from these lands. The States distributed 578 million trees for forest and wind barrier planting under cooperative programs. Cooperative fire control expenditures by the USDA during the year amounted to \$15.9 million.

Tennessee: Hardin County, which is 58 percent wooded, drew up its Overall Economic Development Program in November 1961. A progress report issued by Hardin County states:

"Probably the greatest impact on the economics of the area has been brought about by the Tennessee River Pulp and Paper Company mill at Counce, which began production in March 1961."

The mill employs some 400 people, with a \$2.5 million annual payroll. Another 1,000 to 1,500 people help cut, transport, and market the mill's pulpwood, or they are engaged in various forestation practices in connection with the plant. The plant spends \$7 million a year for pulpwood.

A barge terminal built to service the mill has opened the area to other industries which can use water transportation.

Hardin County has 80,000 acres of idle land. The Hardin County agricultural group has been gradually reducing these idle acres by planting pine seedlings. Between 1961 and 1963, 6 million trees were planted. In 10 years,

with continued interest, local people expect this former idle land to start producing an income for landowners, who have been paying taxes and receiving no income.

Agencies cooperating on the tree-planting project include Agricultural Stabilization and Conservation Service, Soil Conservation Service, State Forestry Service, U. S. Forest Service, Vocational Agricultural Teachers, Farmers Home Administration, and the Cooperative Agricultural Extension Service.

Federal Crop Insurance

Since 1961, this USDA program has been expanded by over 300 counties to bring to 1,212 the number of counties in which Crop Insurance is available on at least one major crop. Since 1961, nine additional crops -- peanuts, potatoes, peas, apples, canning cherries, canning tomatoes, safflower, tung nuts, and sugarbeets -- have been made eligible for insurance. This increases to 25 the number of crops insured. During 1962, 1963, and 1964, improvements in the amount of coverage and reductions in premium rates were put into effect to reflect improved farming methods and practices. Further improvements are planned for the 1965 crop year. Premiums collected from farmers in good years are repaid as Crop Insurance indemnities when crops are damaged by weather, disease, or insects. More than 60,000 insured farmers suffered major damage or destruction of crops last year. Crop Insurance payments to these farmers will total at least \$30 million, mostly for losses caused by last year's severe drought.

Virginia: While farmers across the country saw their crops ruined or stunted by drought in 1964, peanut growers in southeastern Virginia suffered from the opposite cause -- too much moisture. Heavy, continuous rains in late September and early October delayed harvesting. A frost which withered the peanut vines then made it impossible to pull the heaviest and best peanut crop in years out of the ground.

More than 1,000 of the Virginia peanut growers whose crops were lost carried Federal Crop Insurance. Nearly \$650,000 of lost production expenses were returned to the eight-county area by Federal Crop Insurance. This was the farmers' own money, paid as premiums in good years, coming back in the time of need.

Iowa: Kenneth Goplerud of Mitchell County was one of more than 3,000 Iowa farmers who shared in nearly \$1.5 million of Federal Crop Insurance

payments for crop loss in 1964. Mr. Goplerud planted 107 acres of corn and 18 acres of soybeans. Drought cut his harvest to well below the 34 bushels per acre for corn and 12.5 bushels for soybeans that was guaranteed by his Federal Crop Insurance policy. His total indemnity was over \$4,700 -- money that is helping him pay his bills, maintain his credit, and continue to farm in his community.

Disaster-Aid

Drought, earthquakes, tidal waves, hurricanes, tornadoes, heavy rains, and forest fires in 1964 resulted in USDA disaster aid to farmers in more than half of the States and in Puerto Rico and the Virgin Islands.

Drought was a major factor in many States, requiring disaster-aid through the emergency livestock feed program in 598 counties of 28 States at the peak of its use in 1964. This program enabled farmers in designated counties to obtain Commodity Credit Corporation-owned feed grains at reduced prices as a means of combating shortages of feed and forage caused by drought. In addition, the haying and grazing program under which farmers could cut hay or graze livestock on acreage taken out of crop production in designated counties, was in operation in 1,061 counties of 31 States -- an alltime record -- late in September 1964. The use of these two programs reflected drought conditions which had prevailed for 2 and 3 years in some areas.

Puerto Rico and the Virgin Islands: In 1964, Puerto Rico and the Virgin Islands were caught in the worst drought on record. Cattle began dying of starvation. The Department of Agriculture and the White House Office of Emergency Planning approved a disaster-aid program for the two islands, and began sending in emergency feed. Some 2,000 to 3,000 cattle starved -- but more than 75,000 were saved.

Food Stamp Program

The number of low-income people being helped to better diets in the 43 "pilot" Food Stamp areas is expected to increase from the present 350,000 to about 4 million as the program expands gradually over the next few years. It was made a permanent program in 1964. Eventually the program may be available to needy families in about half of the Nation's counties.

Illinois: The Food Stamp Program "is a good thing," says Lewis Flanders, President of the Benton Community Bank in Franklin County. He points out that most food stores have had to hire one additional person since the program started, and that business men there estimate the plan, designed to improve the nutrition of economically depressed families, put nearly \$900,000 in extra food buying power for the unemployed of Franklin county in its first 3 years of operation.

School Lunch Program

A record 17 million children in both rural and urban schools enjoyed low-cost, nutritious lunches under the National School Lunch Program in 1964-1965. Approximately 10 percent of these were needy children who were served free or at reduced prices. In spite of the expanded program, as many as 6.5 million children still go to schools without any lunch facilities.

Texas: Special efforts to provide needy children with adequate school lunches contributes significantly to rural America's upswing. The School Lunch Program often provides the best meal of the day for many rural youngsters; this nutrition instills strength and the will to learn so necessary to these children's futures. Educators generally agree that "you can't teach a hungry child."

In Texas, at the San Francisco de la Espanda Mission School, lunches have been provided with Federal-State help for about 2 years. Periodic examinations by a visiting nurse show a steady upswing in general health of the children, whose parents are largely Spanish-American seasonal farm laborers. School attendance is more regular. Diseases of the eyes, which through the years have been chronic among this group because of malnutrition, have decreased. Only two cases were reported in September 1964.

Utilization Research

At least 6,000 people are employed in 400 frozen poultry-processing plants in rural areas. USDA research developed chilling and packaging methods which resulted in better quality frozen poultry with little flavor change during processing and storage.

Until USDA developed a simple, inexpensive process for converting waste poultry feathers into feather meal, poultry processors paid up to \$20 a ton for disposal. Feather meal, used first as a fertilizer, then as an ingredient in plastics and fire extinguishing agents, and more recently as a nutrient in mixed feeds, provides \$12 million of gross income to poultry processors. Feather meal sells for about \$100 a ton. At least 250 jobs have been created in rural areas.

Nearly 130 textile finishing plants, in 23 States, employ more than 25,000 people to produce 45 million yards of wash-and-wear cotton fabrics a week. Because of the USDA-developed process, a million bales of cotton go into wash-and-wear fabrics each year, helping farmers by expanding and holding cotton-wear markets as well as providing employment for rural people.

More than 100 alfalfa dehydrating companies are using a method developed

by utilization research to stabilize valuable nutrients of alfalfa and other forages. Use of processed alfalfa products is increasing at a rate of about 40,000 tons a year, creating about a hundred new jobs annually in rural processing plants and increasing farm income.

North Dakota and Minnesota: Twenty plants for dehydrating potatoes are now operating in potato-growing areas of the country. They use methods developed by USDA research. These plants process 18 to 20 million bushels of raw potatoes each year, about three times the 1956 volume, and employ several hundred people. Examples of plants:

Borden & Company plant at Grafton, N.D., with 100 employees.

Red River Valley Potato Flakes Company, Grand Forks, N.D., 120 employees.

Fosston Potato Products, Inc., Fosston, Minn., 160 employees.

Gateway Farms, Inc., Barnesville, Minn., operating with 60 employees a part of each year.

USDA-developed dehydrated mashed potatoes and other processed products appear to have stopped the decline in per capita potato consumption. Per capita consumption of potatoes averaged 106 pounds in 1947-49; dropped to 102 pounds in 1957-59; but averaged about 106 pounds again in 1961-64.

Marketing Research

USDA's marketing research covers the entire range of agricultural products, with the goals to increase farm income, to reduce marketing costs eventually paid by consumers, and to provide consumers a better product.

New York and Texas: A near-bankrupt company in a small town in upstate New York gained a new lease on life when it began manufacturing apple-bagging devices (developed BY USDA marketing research) to get apples to consumers in better condition. The company manufactured the first devices for hand operation and later added a power attachment and a number of refinements. The firm has grown strong in close association with the growing packaging industry.

Scores of firms are now thriving in specialized farm crop areas to support the expanded packaging of fruits and vegetables at the shipping point -- a fairly new trend stimulated by USDA marketing research. For example, a company in a Texas town of less than 4,000 people now makes printed film bags for carrot packers and shippers in the Rio Grande Valley.

Forest Research

Congress appropriated \$25.8 million for forest research in Fiscal Year

1964, an increase of \$1 million over the previous year. USDA forest research is designed to develop better management of forests, rangelands, watersheds, and wildlife habitat; newer and better techniques in forest fire control; protection against and control of forest insects and diseases; better forest utilization, and better marketing techniques.

Texas, Arkansas and Louisiana: Eight new plants in operation or under construction -- these are tangible accomplishments, to date, of a new and rapidly expanding industry in the Nation's Southland.

Southern pine industries had wanted to diversify into plywood manufacture for sometime. However, there were many technical problems to be solved. USDA wood utilization research scientists helped industry solve these.

Assistance was given in developing quality standards for veneer-grade logs, log heating schedules to make veneer cutting practicable, specialized cutting techniques, and improved drying and gluing methods. Research also provided strength data to enable efficient use of plywood in various structural systems.

Plants now producing plywood from pine are the Georgia Pacific plant at Fordyce, Arkansas; Southern Pine Plywood Company plant at Diboll, Texas; and the Kirby Lumber Corporation plant at Silsbee, Texas.

Other plants are nearing completion at Oakdale and Florien, Louisiana; Crossett, Arkansas and Keltys, Texas. Another plant is scheduled to begin operations at Winnfield, Louisiana, by January 1, 1966.

Other plants are in various stages of planning. National demand for lumber has been declining while the demand for plywood has been increasing. These facts speak well for the new industry which promises to provide employment for hundreds, perhaps thousands, in its plants alone, and also will increase employment in logging transportation and other services.

Grading Activities

Consumers as well as processors were able to buy more products by grade during 1964, as the volume of products graded under Federal-State programs continued to climb. USDA either graded or supervised the grading of: Half the butter, cheese, and nonfat dry milk produced in the United States; more than one-half of the beef; half of the lamb; two-thirds of the ready-to-cook poultry; three-quarters of the frozen fruits and vegetables; one-quarter of the canned fruits and vegetables; most of the grain that moved off farm; nearly all of the cotton; and all of the tobacco sold at auction.

New York: An example of how official grading and inspection can help quality products compete for markets is the Long Island duckling industry. In 1960, prices were at a low ebb, and storage supplies were at an alltime high.

Growers organized the Long Island Duck Growers Cooperative at that point. Their first step was to organize a promotional campaign. With the aid of the New York State Department of Agriculture and USDA's Plentiful Foods Program, they sold enough ducklings to bring storage supplies back into line. Then, with the U. S. and State Departments of Agriculture again cooperating on a Matching Fund project, the co-op set up a program of grading and inspection, and designed a "Genuine Long Island Duckling" seal to identify its processed birds. Today, 7.5 million ducks a year come from the Long Island Duck Growers Cooperative -- each inspected for wholesomeness by USDA and graded for quality by a Federal-State grader. The Long Island duckling industry is a thriving, \$30 million-a-year business, employing more than a thousand persons in the area.

Market News

Federal-State market news services help farmers decide where and when to best market their products and they help keep a steady supply of products flowing to markets. To keep pace with changing marketing conditions and practices during 1964, USDA increased the efficiency of its 19,000-mile teletype market news system through technical improvements and made arrangements to broadcast livestock, meat, and wool reports in 15 additional major cities, and to publish these reports in about 25 additional newspapers. The Department also mailed millions of reports to producers and marketing interests at their requests.

Oklahoma: An Oklahoma livestock producer wrote recently to his newspaper, about the market news service, "It is a very important and imperative service...Recently, we sold a load of calves at the Tulsa Stockyards, because we knew that the cattle price trend was up. This week we would have received one cent per pound less."

Regulatory Work

USDA has strengthened its regulatory programs, which protect the financial interests of farmers, as well as those of marketers and consumers, and safeguard the free, competitive marketing system. In 1964, the Department:

Investigated 3,500 new complaints received from the industry under the Packers and Stockyards Act -- an increase of 700 over last year. Closed 2,473 cases under the Perishable Agricultural Commodities Act.

Supervised 1,824 public warehouses in 39 States, under terms of the U. S. Warehouse Act, to provide assurance of safe storage of farm products.

Ran 43,000 tests on 16,000 samples of seed.

Nebraska: Regulatory services of USDA help guard producers and businessmen from loss of income or bankruptcy brought on by monopolistic or unfair competition on marketing. For example, the Packers and Stockyards Act recently saved 122 Nebraska livestock shippers more than \$150,000 when a local bank failed. A local livestock auction had \$203,000 in its shippers' custodial account in the bank. Ordinarily, the Federal Deposit Insurance Corporation would insure only the first \$10,000 on an account -- but this account was maintained according to Packers and Stockyard regulations, showing it was a custodial account, and the amount of interest each shipper had in it. As a result, FDIC paid 116 of the shippers the full amount of their interest in the custodial account, and 6 others received checks for the maximum \$10,000 insurance. The total was more than \$150,000. In addition, FDIC treated the funds in the custodial account separately from any personal funds in the bank. The shippers also were entitled to an additional \$10,000 coverage on personal funds.

THE SIZE AND SHAPE
OF RURAL AMERICA

The People

Rural population of the United States changed little between 1930 (53.8 million) and 1960 (54.0 million).

But a dramatic change occurred in the composition of the rural population. In 1930, farm people accounted for 57 percent of rural population; by 1960, farm people represented only 29 percent.

Census reports show this changing composition of rural population:

<u>Year</u>	<u>Farm</u> (millions)	<u>Nonfarm</u> (millions)	<u>Total</u> (millions)	<u>Percentage farm</u>
1930	30.5	23.3	53.8	57
1940	30.5	26.7	57.2	53
1950	23.0	31.2	54.2	42
1960	15.6	38.4	54.0	29

Allowing for natural increase in the farm population, it has been estimated that a million persons left agriculture every year during the 1950's -- an average of nearly 2 persons per minute.

Of the 41 million rural nonfarm people counted in 1960, about 10 million lived in towns of less than 2,500 population, and the remaining 31 million resided in the open country.

Migration from agriculture has continued in the 1960's. Today it is estimated that farm population has dropped to under 12 million persons and that the rural nonfarm population may have risen to about 43 million.

In 1950, about 2,400 counties were entirely or mostly rural. The 1960 census showed that three-fifths of these counties had declined in population, because of migration to other areas. In 1960, only 353 rural counties, or 15 percent of the total, absorbed all their natural population increase and possibly attracted migrants from other areas.

Between 1950 and 1960, most towns under 2,500 lost population, and most towns from 2,500 to 10,000 people increased only slightly.

By contrast, larger urban centers grew rapidly. From 1950 to 1960, some 300 metropolitan counties accounted for 85 percent of the population increase. Fifty of these metropolitan counties had half of the Nation's total population growth.

Seventy percent of the Nation's people were urban in 1960, compared with 64 percent in 1950; 57 percent in 1940; and 56 percent in 1930.

Between 1930 and 1960, total rural population dropped from 44 percent of U. S. population to 30 percent; and from 1930 to 1964 farm population (of total U.S.) dropped from 25 percent to 7 percent.

Agriculture

With the application of science and technology, and the ingenuity and hard work of farm people, American agriculture has become amazingly productive.

Today, one farmworker grows two and one-half times as much food, fiber, and other products per man-hour than he did in 1947-49. He produces enough food and fiber for 31 people, compared with 14 in 1947-49.

Other major changes came with science and technology. One was the already mentioned sharp drop in farm population. The family farm became larger, more highly capitalized, and more specialized. Farming also became, in many instances, a part-time business in which the farmer or members of his family depended on off-farm work for a large share of cash income.

Farms have grown in size from an average of 201 acres in 1945 to an average of 341 acres in 1965, but farming remains mainly a family business. About 3 percent of all farms produce about 30 percent of all sales.

In 1959, there were 3.7 million farms in the United States. Of these 96 percent were family farms. The most rapidly expanding segment of American agriculture is the family farm with \$10,000 or more worth of annual sales.

Family farms are prominent even among the very large farms. They made up 47 percent of the 80,000 farms that had \$40,000 to \$99,999 worth of marketings; and 11 percent of the 20,000 farms with more than \$100,000 worth of annual marketings.

Agriculture has become one of the higher capital-using industries. For example, the value of production assets per farmworker in 1964 was \$27,005, average value per farm was \$54,791.

Production assets per farm in 1964 were nearly nine times that of 1940, and, more than double that of 1954. Some other years for comparison:

<u>Year</u>	<u>Per farm</u>	<u>Per farm worker</u>
1940	\$ 6,308	\$ 3,413
1950	17,236	9,448
1955	25,803	13,677
1960	42,300	21,079
1961	44,074	22,043
1962	47,578	23,478
1963	51,125	25,239
1964	54,791	27,005

Agriculture's total assets on January 1, 1965, were \$230 billion -- up \$31 billion since January 1, 1961. The biggest part of the \$230 billion was real estate -- \$158 billion. Non-real estate physical assets were valued at \$53 billion; financial assets at \$19 billion.

As farming became a higher capital-using industry, farmers became bigger customers for credit. They obtain most of it from private local sources.

Farm debt totaled \$38 billion January 1, 1965, up 8 percent from the \$35 billion total a year earlier. In 1955, farm debt was \$18 billion.

The farmer was squeezed between declining prices for most of the products he sold and rising prices for most of the things he bought.

Since 1946, farm output has increased 37 percent, farm production costs have climbed 72 percent, realized gross farm income has increased 22 percent, but realized net farm income dropped 27 percent.

During this same period the cost of a 35-horsepower tractor rose from \$2,100 to \$3,470; a 14-inch, two-bottom plow from \$196 to \$328; a 12-foot self-propelled combine from \$4,310 to \$7,290; common eight penny nails from 11 cents a pound to 17 cents; portland cement from \$1.03 a bag to \$1.54.

With increased efficiency, American agriculture oversatisfied the wants of domestic consumers and the export market for some commodities, and surpluses built up.

At the same time, many needs for land and water went undersatisfied. More land is needed -- and is available -- for outdoor recreation, timber, industry, and other noncrop uses.

By 1980, it is estimated that all food and fiber needs of a greatly increased number of Americans and for a high level of export trade can be met from 407 million cropland acres -- 51 million acres fewer than were available for cropping in 1959.

Economic Opportunities

The rural economy has lost people, stores, and services because the rapid changes brought on by science and technology enabled fewer farmers and other rural workers to produce more of the commodities and services more efficiently. New economic opportunities in rural communities were too few to provide jobs for those searching for work.

Many small rural communities have virtually dried up. Now, an organized nationwide effort is being made to provide new opportunities for people and communities. There is a noticeable gap between rural and urban educational, religious, and community services that families have a right to expect as a part of modern living.

The equivalent of at least 6.2 million new jobs will be needed to fully employ rural manpower during the next decade.

At present, unemployment and underemployment in rural areas is the equivalent of 2.2 million unemployed annually. In addition, 4 million new jobs will be needed in the next 10 years for rural youth.

Hence, today's people-oriented programs are aimed at developing people and communities -- to train people in income-improving skills, to provide more adequate services for rural people, to create new industries in rural areas, to develop more of the outdoor recreation which Americans want and are willing to pay for, and to grow more of the agricultural products that Americans want, and less of those they don't want or need.

Continued growth of the national economy is essential to these efforts for economic growth in rural areas. Rural America depends as much on Main Street as Main Street is dependent on a prosperous farm and nonfarm rural population.

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